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CITY MANAGER



CITY OF WORCESTER

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City of Worcester Launches Neighborhood Stabilization Efforts; Stimulus Funds to Assist in Tackling Foreclosed and Abandoned Properties

Worcester, Massachusetts—City Manager Michael V. O'Brien announced today a strategic 18-month plan to stimulate private market investment in neighborhoods deeply impacted by the national housing crisis. Joined by Lt. Governor Timothy P. Murray and Department of Housing and Community Development Undersecretary Tina Brooks, City Manager O'Brien outlined the next steps in a \$12 million effort to address the impacts of predatory lending practices that resulted in an increased number of mortgage delinquencies and foreclosures. The plan includes resources, funding sources, private/public partnerships and the tools for measuring progress.

“The subprime mortgage crisis wreaked havoc on our neighborhoods, leaving families without homes and properties to lie vacant, only to become havens for blight and crime,” said Worcester City Manager Michael V. O'Brien. “We must now look to rebuild, encourage private market investment and protect those who faithfully and responsibly maintained their investments. This effort is all-encompassing and will result in measurable and visible positive changes in these neighborhoods.”

According to city officials, more than \$4 million in Federal Neighborhood Stabilization Funds will be used to assist buyers and developers in the purchase and rehabilitation of foreclosed and vacant properties. The City will also allocate a portion of funding toward the demolition of chronic problem properties, such as 95 Grand Street and 856 Main Street, which continue to pose a public safety hazard and are an impediment to private investment. The remaining funds—approximately \$5 million—will be available to assist buyers, developers and current homeowners with weatherization and energy-efficient upgrades as well as lead hazard abatement. Approximately \$1.9 million in State and Federal funding will assist in reaching the City's goal of closing the People in Peril emergency shelter and replacing it with a short-term, one-stop triage center. Homeless individuals will be referred from the triage center to a structured long-term housing program with wrap-around services. The PIP Shelter is expected to transition to a referral-only shelter this November and to close in the coming months.

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Utilizing technology, the City's Property Review Team compiled data to include number of foreclosed homes and property complaints in order to identify the most vulnerable neighborhoods for targeting resources. Resources will initially focus on neighborhoods in the Main South, Piedmont and Chandler Street areas; the City will look to identify strategic properties in neighborhoods outside of these initial areas as the program progresses. Additionally, city officials have applied for another \$10 million in Federal funds to assist in this effort.

The strategy will complement existing and successful private/ public partnerships, including the State's *Communities Count Initiative* and the Buy Worcester Now Program.

"The *Communities Count Initiative* is a great example of State and local government working together to promote economic growth and development," said Lt. Governor Murray. "Through this joint effort, we are able to award Federal and State dollars to Worcester to create critical jobs and stabilize neighborhoods in need like the Main South/Piedmont/Chandler area."

As part of the plan, the City, in partnership with agencies and private lenders, will provide unique financing packages to prospective homebuyers and developers for the purchase and rehabilitation of foreclosed and abandoned properties. The Massachusetts Housing Partnership and MassHousing will work directly with Buy Worcester Now Participating Lenders to offer these Purchase and Rehabilitation Loans. Buyers will be able to apply for up to an additional \$40,000 for the rehabilitation of an eligible property, while developers can receive as much as \$120,000, depending on the property. Each project will be professionally managed from application to completion. Buyers can also take advantage of incentives, such as funding to support energy efficiency upgrades, down payment assistance, and lead abatement grants.

These funds will be administered by the City Manager's Executive Office of Neighborhoods & Housing Development. City Manager O'Brien indicated that the program will target threats to quality of life and achieve real and lasting changes to stabilize and improve neighborhoods.

"Coupling SoftSecond's fixed-rate mortgage financing with Federal incentives to buy foreclosed properties is another example of the Commonwealth's efforts to help the housing market recover and prosper," said Judy Jacobson, MHP's deputy director. "The Funds for Fixer-uppers Program is a win for homebuyers because it provides them with a great financing option if they're willing to take on a property that needs work and it's a win for communities like Worcester because it encourages more owner-occupied housing, which is a big key in stabilizing and strengthening neighborhoods."

"We are proud to be a partner with the City of Worcester, which has shown dedicated commitment and leadership in stabilizing neighborhoods and bringing new investment into the city through its Buy Worcester Now Program," said MassHousing Executive Director Thomas R. Gleason. "By adding more resources for homebuyers through the

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Neighborhood Stabilization Program, homeownership opportunities in the city will be even more abundant and affordable.”

Recognizing the toll that foreclosed properties have taken on neighborhoods, city officials also plan to address a number of recurring problem properties that are a threat to the health and welfare of the neighborhood. The City’s Property Review Team also identified and prioritized a number of properties that pose a public safety threat. As part of the plan, at least 10 properties will be demolished, plowing the way for reinvestment and renewal. Today, 856 Main Street, a chronic problem property, was razed. Since 2000, more than 150 police, fire and code complaints have been made to this property’s address. Last year, a fire occurred at the property, and inspectors declared the property unsafe for habitation. Its demolition today will open the doors for redevelopment and renewal on a property that was once considered a public nuisance.

Key to the plan is the establishment of a new triage/assessment center for homeless individuals to replace the PIP shelter. In order to move away from a failed model of emergency sheltering and to close permanently the PIP Shelter, as outlined in the *Three Year Plan to End Homelessness in Worcester*, the City will invest \$1.9 million in Federal Homelessness Prevention and Rapid Re-Housing Program (HPRP) funding toward the implementation of an Assessment Center for the single adult homeless population. This fully staffed Assessment Center will provide a 24 hour per day, 7 day per week facility where homeless individuals will receive assessment, triage, specialized case management services, and appropriate housing placement. A limited number of extended assessment or observation beds will also be provided on a short-term basis for persons undergoing triage, or needing longer assessment. These beds may also be used in cases where an immediate housing placement option is not available.

Lt. Governor Murray, who also chairs the Interagency Council on Housing and Homelessness added “through the assistance of programs such as the *Communities Count Initiative and the Neighborhood Stabilization Program*, we can work together to develop the affordable housing solutions needed to accomplish our goals of moving from a shelter based to a housing first system for our families that are most in need.”

To learn more about available programs for homebuyers, please visit www.buyworcesternow.com or call the NeighborWorks HomeOwnership Center at 508-791-2170. Developers who are interested in investing in Worcester should contact the City’s Division of Neighborhoods and Housing Development at 508-799-1400, ext. 257.

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